

# Roadie's 2022 Last-Mile Outlook: The Future of Crowdsourced Delivery



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**M**ore and more brands are responding to customer demand for faster delivery by offering same-day fulfillment. Can those that don't grow without it?

As e-commerce sales continue to grow,<sup>1</sup> consumer expectations for when, where and how quickly orders arrive are keeping pace. Shoppers trained by Amazon to expect near-instant gratification with fast delivery are carrying that expectation over to other brands. Companies are responding by giving customers the option of same-day delivery. Just 26% of U.S. retailers offer that ultrafast choice today, according to one recent study, but an additional 73% said they would add it in the next three years — that's 99% of retailers offering same-day delivery by 2025.<sup>2</sup>

Giving customers this kind of choice is a smart move considering that too-long delivery times are a common reason why digital shoppers back out of an order.<sup>3</sup> And research shows customers are willing to pay for it.<sup>4</sup> That discovery means companies without ultrafast delivery will continue to leave money in abandoned shopping carts.

However, offering customers same- or next-day delivery requires the ability to respond to demand quickly. And in-house drivers and traditional carriers typically lack the flexibility and scalability to help brands fulfill orders in real-time.

Brands are increasingly aware of this gap. More than two in five logistics executives are weighing strategic partnerships and/or consolidating delivery as a way to enhance the sustainability of their approach to last-mile or same-day delivery, according to a recent survey of more than 200 retail and supply chain leaders by Roadie and studioID. And one-third are looking to crowdsourcing for help.

The results underscore why brands can't afford to ignore demands for ultrafast delivery. They also shine a light on challenges companies face as they consider adding that shopper benefit. Read on to discover three key findings that explain why adding same-day delivery remains essential and what brands need to implement it successfully.

Which of the following strategies is your organization evaluating or adopting to enhance last-mile or same-day delivery sustainability in the next year?



Exploring strategic enterprise partnerships



Consolidating delivery





**FINDING NO. 1**

## Customers expect same-day delivery, and they're willing to pay for it.

Half of the retail and supply chain leaders surveyed by Roadie and studioID said they offer or would offer same-day delivery because customers expect and demand it. This result meshes with consumer research on the subject. More than one-third of respondents (36%) to a Convey survey think same-day delivery for online orders is important.<sup>5</sup> Younger shoppers said so at an even higher rate (48%).

Interestingly, while shopper preference for free delivery comes well-documented, nearly two-thirds of the logistics executives (64%) surveyed believe that more than 40% of shoppers would be willing to pay a higher price for products with a same-day delivery option. And, almost one-third of them (30%) believe the majority of shoppers — 61% or more — will do so.

Customers agree. McKinsey & Company reports that 53% of U.S. shoppers say they are willing to pay extra for same-day delivery,<sup>6</sup> and just over one-quarter (27%) of U.S. shoppers surveyed by Metapack said they would pay up to \$5 to receive same-day delivery.<sup>7</sup>



**50% of respondents offer or would offer same-day delivery because customers expect and demand it.**

That willingness to pay more for ultrafast delivery can help brands absorb the higher cost compared to slower fulfillment alternatives. Valerie Metzker, head of partnerships and enterprise sales at crowdsourced delivery provider Roadie, said that brands using the company's crowdsourcing platform for same-day delivery handle those costs in a few different ways.

"Some organizations mark up the delivery fee so it's a profit center, others charge customers exactly what it costs them so it's a straight pass-through, and still others subsidize the cost," Metzker said.

The ability to charge more for ultrafast delivery can make adding the service worth brands' investment. Charging a same-day delivery fee marked a sweet move for Nothing Bundt Cakes when the national niche bakery added that capability with Roadie just before an anticipated Mother's Day order surge. It meant that franchisees didn't have to cap the number of delivery orders they could take — a problem in previous years — and they could capitalize on the 113% weekly delivery demand spike.



#### How Roadie customers handle same-day delivery costs:



Customer pays the delivery charges.



Retailer marks up the fee to create a profit center.



Retailer subsidizes the cost.

## FINDING NO. 2

# Same-day delivery generates an immediate, positive impact on sales.

When asked about the immediate impact of adopting same-day delivery in their businesses, retail and supply chain leaders were clear about the upsides. Adding that option meant they could:

- Sell more.
- Hang onto current customers.
- Attract new customers.
- Keep customers happy and satisfied.

Manik Aryapadi, a partner at McKinsey & Company, sees the impact of same-day adoption in his retail and e-commerce omnichannel consulting. “When you meet your customer’s expectations, you win more business,” he said. “They [customers] think ‘now that you’re offering same-day service, I’m buying things that I would not have originally.’”

Retailers are looking for more than an immediate sales boost, however. “If you’re able to deliver within the window that you promise your customers, you are actually driving up your Net Promoter Scores,” he said. “That means you’re also improving their lifetime value because they’re happy consumers.”

Shoppers agree. Six in 10 consumers in one recent survey said they’ll stick with brands that can deliver their orders the quickest.<sup>8</sup>

When Roadie worked with an auto parts store to test same-day delivery, business in that market accelerated by \$1 million in just two weeks. “This was in a small market, so imagine the impact this program had on the bottom line when the company rolled it out nationally,” Metzker said.

## 6 reasons why brands offer or would offer same-day delivery



**50%**

Customers expect and demand it



**50%**

Improve customer retention/loyalty



**49%**

Help acquire new customers



**44%**

Maintain competitive advantage/positioning



**44%**

Increase sales of product categories not sold online



**42%**

Increase number of sales transactions





**Survey respondents remained clear about the positive impact of ultrafast delivery, telling us:**

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“It would most likely boost our online sales as delivery time is one of the major reasons why consumers choose to buy in stores rather than online.”

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“It would change customer perception of the value of our company and products.”

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“The immediate impact would be higher sales, higher conversion rates and more retention.”

### FINDING NO. 3

## Brands face challenges with last-mile delivery operations.

While offering faster delivery options makes sense for both customers and brands, organizations see challenges with last-mile delivery. More than two out of five logistics executives surveyed by Roadie and studioID said they are concerned about rising transportation rates and inflation's impact on the costs of goods and services in relation to their last-mile delivery strategy.

They might wonder at what point those increases make fast delivery too expensive for their operation and customers. **But can they afford to maintain the status quo?**

Retail and supply chain leaders surveyed cited a host of other challenges, pain points and unmet needs for their current last-mile delivery operation or adoption plans.

#### Issues mentioned most often include:

- Staffing challenges, including not having enough drivers.
- Rising costs.
- The need for real-time tracking technology.
- Optimizing route planning.
- Getting accurate demand assessments.
- Supply chain issues.
- Increasing reliability.
- COVID-19 issues.

Several challenges shared were internal. In addition to leadership not feeling convinced that their organizations needed to address their last-mile strategy, survey respondents reported difficulty determining what products to offer for e-commerce as well as virtual checkout capability limits. Others noted concerns about location or geographic reach – could they deliver where they needed to?

### What challenges are impacting your ability to execute an effective last-mile delivery strategy?



45%

Inflationary pressures on costs of goods and services



41%

Rising transportation rates





“Retailers want to **focus on what they do best**, and it’s not delivering orders.”

**VALERIE METZKER**

*Head of partnerships and  
enterprise sales at Roadie*

## Getting over, under or around **obstacles**

Addressing internal issues is a critical step when building a fulfillment strategy that equips brands to make good on the offer of ultrafast delivery. So, where should a brand start? Organizations ready to roll forward must first have a key element in place: **their inventory.**

If you’ve ever selected “Get it today!” when buying online from your favorite retailer only to get a message soon after saying they cannot fulfill your order, then you understand the importance of a powerful inventory management system. This problem speaks to more than efficiency. When a “whoops!” message goes out to customers, the brand’s reputation takes a hit.

Ultrafast delivery depends on an inventory management system that studies purchasing patterns and uses them to optimize product placement in stores and fulfillment centers. It also needs to accurately reflect individual store inventory when buy-online, deliver-from-store (BODFS) factors into a purchase.

“You need to get really smart about placing inventory at the right node, which means you need

to know what inventory already exists in that node. That requires real-time inventory visibility, and it’s why you see investments in RFID, blockchain and other technologies that enable you to have that,” Aryapadi said. “Without real-time inventory visibility, your optimization will be garbage in, garbage out.”

Retailers delivering from their stores also must train store personnel in the correct process for fulfilling BODFS orders. This obligation applies even if they have already set up for buy-online, pick-up-in-store fulfillment because a promise to deliver within a specific time window adds a hurdle to that set of processes.

In addition, the retailer’s order management system must integrate with its same-day delivery provider’s technology platform to ensure a smooth order pick-up and delivery experience for the driver and shopper. That makes finding the right partner critical.

“Roadie was able to integrate a national craft retail chain’s technology with ours in just seven days. What’s needed is a delivery partner that’s willing to put the resources in place to make it happen,” Mezker said.



# Crowdsourcing for **last-mile success**

Brands that offer ultrafast delivery need the ability to make good on the promise over and over again. That need requires a last-mile delivery partner with flexibility and scalability to fulfill orders whenever and wherever customers want them. Understanding this requirement, 51% of the retail and logistics executives surveyed by Roadie and studioID reported they prefer partnerships with third parties over building in-house capabilities (49%) for last-mile delivery.

“Retailers want to focus on what they do best, and it’s not delivering orders,” Metzker said.

Crowdsourced delivery, recommended by 41% of the survey respondents, helps address several same-day delivery concerns that stand to slow down fulfillment.

## **Roadie’s crowdsourced delivery**

### **platform lets you:**

- Reach 90% of U.S. households — including suburbs, exurbs and even rural locations — with same-day delivery, without building and maintaining your own delivery infrastructure.
- Scale up quickly for order surges and seasonal volume peaks.
- Leverage an independent network of drivers with vehicles that can deliver anything from cupcakes to couches.
- Layer crowdsourced delivery onto current delivery options, including company fleets and traditional carriers.
- Begin offering same-day delivery in just a few weeks.
- Delight customers by delivering orders when promised.

Crowdsourced delivery offers what leaders surveyed said they value most in a last-mile delivery partner: **reliability, tracking and service.**



## What criteria are extremely important when evaluating last-mile delivery partners?



**46%**

Reliability



**36%**

Network reach/  
coverage



**33%**

Credibility/  
brand trust



**41%**

Tracking technology



**36%**

On-time delivery  
record



**31%**

API/technology  
integration



**37%**

Service



**35%**

Costs



**30%**

Delivery team  
vetting and training



# Giving your customers what they want

The stakes for getting customers what they want when they want it only continue to push higher. For many brands, the make-or-break moments all happen in the last mile.

“When customers want something quickly, they’ll go with the provider that can get the order to them when they need it,” Metzker said.

With Roadie and crowdsourcing, brands can tap into a network of independent drivers who can deliver on-demand to customers nationwide.

**Ready to learn how crowdsourced delivery can work for your business? Check out our guide for making crowdsourcing part of your fulfillment toolkit or visit [Roadie.com](https://roadie.com).**



HOW-TO GUIDE

## Getting Your Supply Chain Ready for Same-day



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Roadie, a UPS Company, is a crowdsourced delivery platform. Founded in 2014, Roadie works with consumers, small businesses and enterprises to enable scheduled, same-day and urgent delivery in passenger vehicles across the U.S. With more than 200,000 drivers nationwide, Roadie reaches more than 20,000 zip codes – the largest local same-day delivery network in the nation. By choosing to partner with Roadie, businesses can make more sales, create efficiencies within their own networks, and increase customer satisfaction by consistently delivering items on customers' preferred timelines. For more information, visit [www.roadie.com](http://www.roadie.com).

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